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U.S. CUSTOMS HQ FOR STRATEGIC INVESTIGATIONS

HONG KONG FOR CUSTOMS ATTACHE

E.O. 12958: N/A  
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SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION CHECK:  
ADVANCED ENGINEERING RESEARCH ORGANIZATION. (NO LICENSE  
REQUIRED)

¶1. On March 7, 2006, EconOff and FCS FSN visited Advanced Engineering Research Organization (AERO), located at Air Weapons Complex (AWC), Haripur Road, Wah. The purpose of the visit was to conduct a Post Shipment Verification check on the shipment of a "Digital Compass Module" exported by GECS, Inc., 500 Dobbin Court, Accokeek, MD 20607.

¶2. At the AERO facility, the USG staff met with Wing Commander (Retired) Muhammad Anwar Hamid, Director Logistics (Tel: 92-51-90182015, Fax: 92-51-90187228, Email: janjua742@hotmail.com, Cellphone: 92-300-5005917). Wing Cdr. Hamid, along with two other technical staff, spent approximately twenty minutes explaining the end use of the three sets of Honeywell HMR 3000 compass modules he had displayed on his desk. According to Hamid, the Pakistan Air Force (PAF) is installing these modules in an attempt to increase the navigational accuracy of its Mirage fleet. The PAF is not satisfied with the accuracy of the Chinese-made "flex valves" currently used in its aircraft. The compass modules are still in a testing phase; PAF will decide whether or not to install the modules in its entire fleet upon completion of the testing. AERO says it will purchase dozens more compass modules, but not necessarily from a U.S. company, if the testing results in increased navigational accuracy.

¶3. USG staff also questioned Hamid about the role of AERO. According to Hamid, AERO is an independent research and consultancy division under the Ministry of Defense; its sole client is the PAF. Hamid stated that AERO is co-located with the Air Weapons Complex (AWC), but works independently of it. The USG staff noted concern about the time (first access request sent to AERO in June 2005) it had taken to schedule the AERO PSV. Hamid said that he would bring this to the attention of his superior officers and would look into streamlining the procedure for any future checks. Hamid stated that scheduling took so long because AERO had to first get approval from Pakistan's Ministry of Foreign Affairs (MFA) to grant USG officials access; it was the MFA who contacted USG officials to schedule the PSV. It may be noted that AERO is located approximately 60 km NE of Islamabad and AERO provided a roundtrip-armed escort to the USG staff on this visit; as a result, USG staff had no difficulty accessing the facility.

¶4. It seemed apparent from the discussion with AERO officials that the PAF uses the compass modules for navigational purposes. The AERO reps seemed knowledgeable

about the PAF's future requirements and Hamid gave a brief talk on the PAF's new JF-7 aircraft that are being manufactured with Chinese collaboration. It must be noted, however, that aside from the main office building, USG officials did not visit (nor ask to do so) any other locations on the AWC compound. Apparently, AERO and AWC are part of Pakistan's military establishment and certain restrictions apply for non-military personnel visiting this site.

15. Recommendation: At this time Post does not have any adverse information on AERO and has no evidence that the item listed in this PSV check has been used for any application other than that stated by the AERO officials. However, AERO is located within the same extended compound as the Air Weapons Complex, which is a classified military site. Based on our meeting with AERO and the scant information that we have on this organization, at this time Post is not in a position to confirm nor challenge the reliability of AERO as an end user of higher-end U.S. technology.

Crocker

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End Cable Text